



# House of Representatives

General Assembly

**File No. 410**

February Session, 2002

Substitute House Bill No. 5547

*House of Representatives, April 9, 2002*

The Committee on Finance, Revenue and Bonding reported through REP. MCDONALD of the 148th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT CONCERNING TREASURY BILL RATE REFERENCES FOR EMINENT DOMAIN PURPOSES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 37-3c of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 The judgment of compensation for a taking of property by eminent  
4 domain shall include interest at a rate that is reasonable and just on the  
5 amount of the compensation awarded. If a court does not set a rate of  
6 interest on the amount of compensation awarded, the interest shall be  
7 calculated as follows: (1) If the period for which interest is owed does  
8 not exceed one year, interest shall be calculated from the date of taking  
9 at an annual rate equal to [the coupon issue yield equivalent, as  
10 determined by the Secretary of the Treasury of the United States, of the  
11 average accepted auction price for the last auction of fifty-two-week  
12 United States treasury bills settled immediately prior to] the weekly

13 average one-year constant maturity yield of United States Treasury  
 14 securities, as published by the Board of Governors of the Federal  
 15 Reserve System, for the calendar week preceding the date of taking;  
 16 and (2) if the period for which interest is owed exceeds one year,  
 17 interest for the first year shall be calculated pursuant to the provisions  
 18 of subdivision (1) of this section and interest for each additional year  
 19 shall be calculated on the combined amount of principal, which is the  
 20 amount by which the compensation award exceeds the original  
 21 condemnation deposit, plus accrued interest at an annual rate equal to  
 22 [the coupon yield equivalent, as determined by the Secretary of the  
 23 Treasury of the United States, of the average accepted auction price for  
 24 the last auction of fifty-two-week United States treasury bills settled  
 25 immediately prior to] the weekly average one-year constant maturity  
 26 yield of United States Treasury securities, as published by the Board of  
 27 Governors of the Federal Reserve System, for the calendar week  
 28 preceding the beginning of each year for which interest is owed. Such  
 29 judgment shall not include interest on any funds deposited by the  
 30 condemnor as compensation for the taking for the period after such  
 31 deposited funds become available for withdrawal by the condemnee.  
 32 The interest shall accrue from the date of taking to the date of  
 33 payment.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

**Statement of Legislative Commissioners:**

The phrase "of United States Treasury securities" was added after "constant maturity yield" for clarity.

**FIN**            *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:** None

**Explanation**

The bill has no fiscal impact since it makes changes to the statutes to conform to existing practice.

**OLR Bill Analysis**

sHB 5547

**AN ACT CONCERNING TREASURY BILL RATE REFERENCES  
FOR EMINENT DOMAIN PURPOSES****SUMMARY:**

This bill changes the default interest rate payable in certain eminent domain cases from one tied to the yield on 52-week U.S. Treasury bills to one tied to the weekly average one-year constant maturity yield on Treasury securities as published by the Federal Reserve board of governors. The U.S. Treasury eliminated the 52-week Treasury bill on February 27, 2001.

By law, when a property owner disagrees with the compensation a state or local government offers when it takes his property by eminent domain, a court makes the final determination. If the court determines the agency owes the owner more than it originally offered and deposited with the court, it must assess interest on the difference. This bill changes the default interest rate that applies when the court does not specify an interest rate.

If less than one year's interest is due, the bill's default rate is tied to the average one-year constant maturity yield on Treasury securities for the week preceding the taking, instead of to the 52-week Treasury bill rate at the last auction before the taking. If interest is due for more than a year, the bill requires the annual rate to be tied to the average constant maturity yield for the week before, rather than to the rate at the last Treasury bill auction before, the start of each year.

EFFECTIVE DATE: Upon passage

**COMMITTEE ACTION**

Finance, Revenue and Bonding Committee

Joint Favorable Report

Yea 42      Nay 0